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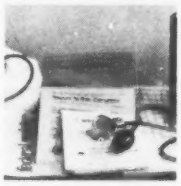

Cover story: Prospective payment has brought sweeping change to a health care delivery system already in transition due to technological advances, demographics, politics, and the economics of our increasingly complex health care industry. *Nursing & Health Care* explored the effects of current trends on nursing service with the chairpersons of NLN's Council of Community Health Services, Council of Nursing Service for Hospitals and Related Facilities, National Forum for Administrators of Nursing Services, and Committee on Long-Term Care. See page 312 for their thoughts on the present and future of nursing service in America.

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Official Publication of the National League for Nursing

WASHINGTON FOCUS

UPDATE: Nursing Education Funds, NIN, DRGs and Education

By Sally B. Solomon, MSN, RN
Director of Public Policy & Research, NLN

As this last issue of the 1983–84 *Nursing & Health Care* publishing cycle goes to press, the reauthorization bill for nursing education funding is making its way through Congress, and progress continues to be made on the legislative push to establish a National Institute of Nursing within the National Institutes of Health. Meanwhile, as the initial impact of prospective payment settles over the land, the question taking shape in the minds of many is what its implications will be for nursing education.

Nursing Education Funds

The Nursing Tri-Council (NLN, ANA, AACN) has been vigorously lobbying for legislation to reauthorize funding for nursing education. Last year, the Nurse Training Act (Title VIII of the Public Health Service Act) was authorized at $70.8 million; $43.1 million was appropriated for nursing education, in addition to the $10 million appropriated altogether for nursing research and research fellowships (Titles III and IV, respectively, of the Public Health Service Act). Development of this year's legislative initiative was guided by the recommendations of the Congressionally mandated Institute of Medicine (IOM) report, *Nursing Education: Public Policies and Private Actions*, which calls for an appropriations level of $80 million and stresses the need for nurses with graduate education.

The Senate nursing education measure, entitled the Nurse Education Amendments of 1984 (S2574), was introduced by Senator Orrin Hatch (R.-Utah), chair of the Senate Labor and Human Resources Committee. Senator Daniel Inouye (D.-Hawaii) cosponsored the bill, which in its original version authorized a funding level of $54 million. As a result of discussions between Senator Hatch's staff and the Nursing Tri-Council, the Senator amended the bill to raise the authorization level to $68.5 million. The legislation overwhelmingly passed in the Senate Labor and Human Resources Committee.

The bill stipulates that funding for nursing education programs and traineeships be targeted at the graduate level. It includes a new line item, demonstration projects, that would facilitate collaborative projects between nursing service and education, as well as cost-effective nursing innovations in health care delivery. Another new line item, fellowships, would provide funding for postdoctoral nursing studies in such areas as administration, education, and public policy.

An important feature of this bill is a provision to elevate the Division of Nursing to Bureau status and to create three subdivisions within the Bureau: a Division for Advanced Nurse Education, a Division for Nurse Educational Support, and a Center for Nursing Studies and Research.

The House of Representatives version, the Health Professions and Service Amendments of 1984 (HR5602), was drafted by Congressman Henry Waxman (D.-California). The bill originally authorized $63 million for nursing education. Congressman Waxman subsequently agreed to increase the funding to $71 million, the level approved by the Energy and Commerce Committee's Subcommittee on Health and the Environment, which he chairs.

On May 15, the revised HR5602 was sent to the full Energy and Commerce Committee. Lobbying efforts by the Nursing Tri-Council generated an amendment, sponsored by Congressman Matthew Rinaldo (R.-New Jersey) and Congressman James Florio (D.-New Jersey), increasing the authorization level to $76 million. With Congressman Waxman's strong endorsement, this bill was passed by the full Committee.

As with the Senate bill, the House legislation emphasizes graduate nursing education and includes a section on demonstration projects, but it does not include fellowships. Nor did the House, which has already passed legislation to create a National Institute of Nursing, provide for a nursing research center.

It is anticipated that both bills (S2574 and HR5602) will be passed and referred to a Joint Senate/House Conference Committee, where a compromise version will be developed. Funding levels are currently under consideration in the Appropriations Committees.

In the interim, readers are urged to contact their Senators and Congressmen in support of the respective bills. Special attention should be directed to the Appropriations Committees in both the Senate and the House, since this is where final decisions about allocation of funding will be determined.

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Overview of Funding for Nursing Education
(in millions of dollars)

	FY 1984 Authorizations	FY 1984* Appropriations	FY '85 Authorizations S2574	HR5602
Special Projects	11.0	7.2	10.0	12.0
Advanced Nurse Training	16.0	13.3	17.5	21.0
Nurse Practitioner	14.0	11.8	12.0	19.0
Traineeships	11.0	9.6	12.0	15.0
Nurse Anesthetists	0.8	1.0	1.0	1.0
Student Loan	18.0	0.0	1.0	0.0
Demonstration Projects	not authorized		5.0	8.0
Fellowships	not authorized		3.0	0.0
Bureau of Nursing	not authorized		2.0	0.0
Center for Nursing Studies and Research	not authorized		5.0	0.0
Total	70.8	43.1	68.5	76.0

*In addition, $9 million was appropriated for nursing research under Title III of the Public Health Service Act, and $1 million for nursing research fellowships under Title IV.

National Institute of Nursing

The proposal to create a National Institute of Nursing (NIN) within the National Institutes of Health (NIH) was passed by the House of Representatives last November as an amendment to the NIH reauthorization bill (HR2350). Congressman Edward Madigan (R.-Illinois) sponsored the legislation, based on the IOM recommendation that nursing research receive more visibility on the federal level. (See "Washington Focus," February 1984.)

Although Senator Hatch, whose Labor and Human Resources Committee has jurisdiction over NIH, was not persuaded to sponsor a NIN, senatorial support for the NIN came from longtime friend of nursing Senator Inouye, who circulated a "Dear Colleague" letter enlisting endorsement of a NIN. Four other senators signed onto the letter, including two members of the Labor and Human Resources Committee—Senators Paula Hawkins (R.-Florida) and Robert Stafford (R.-Vermont)—as well as Senators Thad Cochren (R-Mississippi), and Spark Matsunaga (D.-Hawaii). Senator Inouye has drafted a bill proposing establishment of a NIN, which he plans to introduce in the Senate.

As mentioned above, the Senate bill to reauthorize funding for nursing education includes provision for creation of a Center for Nursing Studies and Research, housed within a newly formed Bureau of Nursing. The Center would coordinate and disseminate information regarding nursing research throughout the federal government. It would also be responsible for administration and awarding of research funds under sections 472 and 301 of the Public Health Service Act, although funding for the Center itself would be completely independent of funding for these sections. The intent of this legislation is to raise the status of nursing research, and it is viewed by many as a step toward a National Institute of Nursing.

The Nursing Tri-Council believes that a Center for Nursing Studies and Research could enhance nursing research, but should not be viewed as a substitute for or alternative to a NIN. We advocate the formation of a NIN and endorse Senator Inouye's initiatives in this regard.

DRGs and Nursing Education

The enactment of prospective payment legislation and the threatened insolvency of the Medicare trust fund have raised questions regarding the extent to which the federal government should be involved in financing education for the health professions—especially through Medicare.

Hospitals historically have factored student costs into their rates; Medicare, like all payers, has shared in reimbursing these costs. The original intent of Medicare's reimbursement of health professions education was to help carry these costs until they could be financed more extensively by other sources in the private and public sectors.

Under the new prospective payment system, such direct educational costs as salaries, classroom space, educational materials, and overhead are "passed through," i.e. reimbursed on a reasonable cost basis. For nursing, these costs are mostly attributed to diploma programs, which are more directly accounted for in a hospital's budget because of their structural ties to the hospital. Financial arrangements between other types of nursing education programs and hospitals used for clinical placements have been inconsistent, with variations extending to cost reporting. Conclusions as to total costs of nursing education under Medicare are estimates at best, and more research is needed before policy changes can be made.

Prospective payment also includes an indirect educational adjustment for hospitals with medical teaching programs. This allowance is not meant to be a precise measurement of costs incurred, but rather a recognition of the higher costs involved in a teaching facility, including the costs of other health professions education, such as nursing.

It has been predicted that if Medicare reimbursement for all health professions education were withdrawn, beginning in 1987, the total program savings through 1995 could reach $40 billion. The Social Security Advisory Council has suggested that the government discontinue the financing of health professions education through Medicare. However, it is not recommending that funding be immediately curtailed without sound alternatives in place. One alternative is to fund these educational costs through block grants to states or regions.

For nursing, this means that we must heed the signals of the changing times and be prepared in two respects. First, we need to document more carefully the financial arrangements between educational and service agencies. Second, we should maintain an active role alongside government officials and other health care professions in resolving the issue of federal financing of health professions education.